NUEXCO

EXECUTIVE SUMMARY
REPORT 204
(All data as of July 31, 1985)

Exchange Value
$15.75, up $0.75

The **Exchange Value** is **$15.75** per pound U_3O_8, up $0.75 since last month. Eight recent natural uranium sales are reported, involving approximately 1.8 million pounds U_3O_8 equivalent. Seven involved spot or near-term delivery, and four met the conditions for inclusion in the Transaction Value.

UF_6 Value
$44.00, up $1.50

The **UF_6 Value** is **$44.00** per kilogram U as UF_6, up $1.50 since last month. Five transactions reported this month involved natural UF_6.

Supply-Demand Ratio
rose to 6.7:1

Active spot and near-term **uranium supply** amounts to **3.0 million** pounds U_3O_8 equivalent, down 485 thousand pounds since last month. Active spot and near-term **uranium demand** totals **455 thousand** pounds, down 870 thousand pounds. The spot and near-term **supply-demand ratio** rose to **6.7:1.**

Transaction Value
rose to $14.75

The **Transaction Value** is **$14.75** per pound U_3O_8, up $0.15 since last month. The calculation includes 17 transactions involving a total of 4.8 million pounds U_3O_8 and equivalent UF_6, and covers a period of 3 months.

Loan Use Charge Rate
unchanged at 5%

The **Loan Use Charge Rate** is **5 percent** per annum, unchanged.

Conversion Value
unchanged at $1.60

The **Conversion Value** is **$1.60** per pound U as UF_6, unchanged since last month. Active secondary market supply for conversion services for delivery within three years totals 360 thousand pounds U as UF_6. Active demand totals 425 thousand pounds U as UF_6.

SWU Values:
$85 for DOE-origin
for delivery by
the end of FY86
$81 for non-DOE origin
for delivery by the
end of calendar year 1986

The **SWU Value** for DOE origin at .3 tails and certifiable as excess, is **$85** per SWU for delivery by the end of FY86. The SWU Value for other SWUs (non-DOE or non-certifiable) is **$81** per SWU for delivery by the end of calendar year 1986. Two secondary market SWU transactions are reported, involving less than 50 thousand SWUs.

Analysis & Commentary

DOE's incentive SWU pricing plan, whereby certain utilities can opt to purchase 30 percent of their requirements under the USEC at a base price of $90 per SWU, has no significant impact on the determination of a utility's optimum tails assay.

Australia

Energy Resources of Australia (ERA) released production figures for its Ranger mine for the fiscal year ending June 30, 1985.

Namibia

The Industrial Development Corporation of South Africa (IDC) recently transferred part of its ownership share in the Rossing mine to Namibia's transitional government, giving the South Africa-installed government the right to appoint one board member. However, the longer-term implications of the action will depend on the degree of legitimacy gained by the transitional government as a result of the economic power vested in the ownership shares.

South Africa

Second-quarter uranium production from Chamber of Mines producers amounted to 2.8 million pounds U_3O_8, down slightly from the first quarter.

Raw Materials

The US uranium industry, suffering rapidly declining production in the face of poor reserves and fierce foreign competition, may require government assistance to combat the effects of the past five years' mine closures and industry attrition.

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NUEXCO REPORT 204 FIGURES OF THE MONTH (July 31, 1985)	This Month (Report 204)	Last Month (Report 203)	12 Months Ago (Report 192)
Exchange Value[1]	15.75	15.00	17.50
Transaction Value[1]	14.75	14.60	16.60
UF_6 Value[2]	44.00	42.50	—
Loan Use Charge Rate[3]	5%	5%	6%
Conversion Value[4]	1.60	1.60	0.00
Near-Term Uranium Supply[5]	3.0	3.5	2.9
Near-Term Uranium Demand[6]	0.5	1.3	0.9
Near-Term Supply-Demand Ratio	6.7	2.7	3.1
Recent Uranium Sales:			
Number of Transactions[7]	8	8	6
Quantity of Material[8]	1.8	1.5	1.3
Nuexco SWU Values:[9]			
DOE origin, certifiable as excess, 0.3 tails assay; delivery before the end of FY86	85	88	—
Other SWUs (non-DOE or non-certifiable) delivery by the end of calendar year 1986	81	83	—
USDOE SWU Prices:			
USEC	135.00	135.00	135.00
AFC	153.00[10]	153.00[10]	153.00[10]
Requirements	157.00[10]	157.00[10]	157.00[10]
Market Value of Enriched UF_6[11,12]:			
2.5 w/o U^{235}	455	452	513
3.0 w/o U^{235}	585	582	660
3.5 w/o U^{235}	717	714	810
4.0 w/o U^{235}	851	849	962

[1]US $ per pound U_3O_8 equivalent.
[2]US $ per kilogram U as UF_6.
[3]Per annum.
[4]US $ per pound U as UF_6.
[5]Active inquiries to sell, for delivery within 12 months after contract signing (millions of pounds U_3O_8).
[6]Active inquiries to purchase, for delivery within 12 months after contract signing (millions of pounds U_3O_8).
[7]Uranium sales only; does not include loans, conversion, or SWU
[8]Millions of pounds U_3O_8, equivalent.
[9]US $ per SWU.
[10]Effective 10/1/84.
[11]Calculated using the Nuexco Exchange Value, Conversion Value, and 0.30 percent tails assay. From 3/30/84 through 4/29/85, calculations used the Nuexco SWU Value for DOE origin and FY85 delivery. As of 4/30/85, calculations use the Nuexco SWU Value for DOE origin and delivery by the end of FY86.
[12]US $ per KgU as UF_6, rounded to the nearest $.

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